

IN THE CLAIMS:

Please amend the claims as follows:

1. **(Previously Presented)** A water-cooled vertical engine comprising:
- a crankshaft disposed substantially vertically;
 - a camshaft; and
 - an endless transmission member for transmitting a driving force of the crankshaft to the camshaft, the endless transmission member being disposed in an upper part of the engine to rotate along a locus;
- wherein the engine further comprises:
- a water jacket formed therein and having a cooling water outlet open to the upper part of the engine and located inside the locus of rotation of the endless transmission member; and
 - a thermostat for controlling the flow of cooling water in the water jacket, the thermostat being provided in the upper part of the engine and having a temperature sensitive portion located above the endless transmission member.
2. **(Original)** The water-cooled vertical engine according to Claim 1, wherein the endless transmission member is a timing chain, and the upper part of the engine comprises a chain cover for covering the timing chain in cooperation with a cylinder head and a cylinder block.
3. **(Currently Amended)** An outboard motor equipped with a water-cooled vertical engine, comprising:
- a crankshaft disposed substantially vertically;
 - a camshaft; and
 - an endless transmission member for transmitting a driving force of the